

ANNUAL REPORT 1972-73

MANITOBA TELEPHONE SYSTEM





ANNUAL REPORT

for the fiscal year ended March 31, 1973

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Manitoba Telephone System
489 Empress Street
Winnipeg, Manitoba
R3C 0A2

MANITOBA TELEPHONE SYSTEM

THE HONOURABLE PETER BURTONIAK

Minister of Highways

BOARD OF COMMISSIONERS

J. F. MILLS
Chairman

M. ELIASON
A. H. KIMACOVICH

G. R. FINES
I. D. TURNBULL, M.L.A.

J. K. BEATTY
Secretary

EXECUTIVE OFFICERS

J. F. MILLS
Chairman and General Manager

J. FENTON
Assistant General Manager and
Manager of Operations and Engineering

ADMINISTRATIVE OFFICERS

S. G. ANDERSON
Director of Engineering and Planning

G. H. BACKHOUSE
Director of Marketing and Administrative
Services

F. C. CAVERS
Director of Operations

J. D. A. ADAM
Planning Manager

J. K. BEATTY
General Counsel

J. W. BUTCHARD
Plant Manager

M. D. GREEN
Chief Engineer

A. E. HOLLAND
Marketing Manager

W. D. MCGOWAN
Commercial Manager

R. B. ROSS
Chief Architect

R. F. TINKLER
Personnel and Public Relations Manager

R. C. VANNEVEL
Comptroller

D. H. WARDROP
Government and Broadcast Industry Manager

S. N. WILLIAMS
Traffic Manager

HIGHLIGHTS OF THE REPORT

EXPANSION OF SERVICES

- Telephones increased 26,476 to total 488,019
- Long distance calls increased 13.5 per cent to total 22.6 million
- Dial offices established in nine communities
- 97.9 per cent of System telephones are automatic
- Direct Distance Dialing provided to six exchanges

CONSTRUCTION TO MEET DEMAND

- More than 2,100 miles of wire and cable buried
- 102 rural lines established
- 600 channels added to provincial toll network
- Extension of Northern Manitoba radio relay system continued

FINANCIAL RESULTS

- Capital expenditures amounted to \$36,584,849
- Value of telephone plant reached \$352,523,717
- Revenue rose 9.2 per cent to \$73,534,109
- Expenses rose 8.5 per cent to \$69,171,785
- Net income amounted to \$4,362,324

OUTLOOK FOR COMING YEAR

- 27,600 additional telephones forecasted
- Forecast capital expenditures of \$43,987,000
- Further extension of service to the North
- Dial conversion program will continue

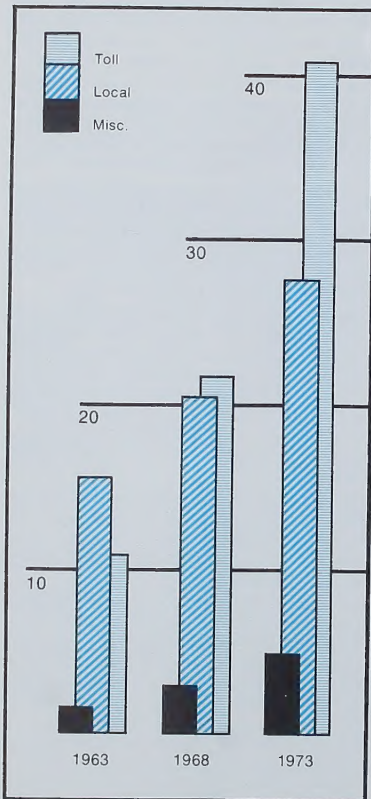
SUMMARY OF REVENUES AND EXPENSES

	April, 1972 March, 1973	April, 1971 March, 1972	Increase
REVENUES			
Local service	\$ 27,543,645	\$ 25,881,388	\$ 1,662,257
Toll service	41,535,636	36,728,565	4,807,071
Miscellaneous	4,828,155	5,051,331	(223,176)
	<u>73,907,436</u>	<u>67,661,284</u>	<u>6,246,152</u>
Less:			
Uncollectible operating revenue	<u>373,327</u>	<u>338,997</u>	<u>34,330</u>
Total revenues	<u>73,534,109</u>	<u>67,322,287</u>	<u>6,211,822</u>
EXPENSES			
Operation	19,313,543	17,844,858	1,468,685
Maintenance	16,332,958	15,221,879	1,111,079
Depreciation	17,424,895	15,816,421	1,608,474
Operating taxes	1,553,743	1,355,656	198,087
Debt charges	14,546,646	13,527,654	1,018,992
Total expenses	<u>69,171,785</u>	<u>63,766,468</u>	<u>5,405,317</u>
NET INCOME	<u>\$ 4,362,324</u>	<u>\$ 3,555,819</u>	<u>\$ 806,505</u>

() denotes decrease

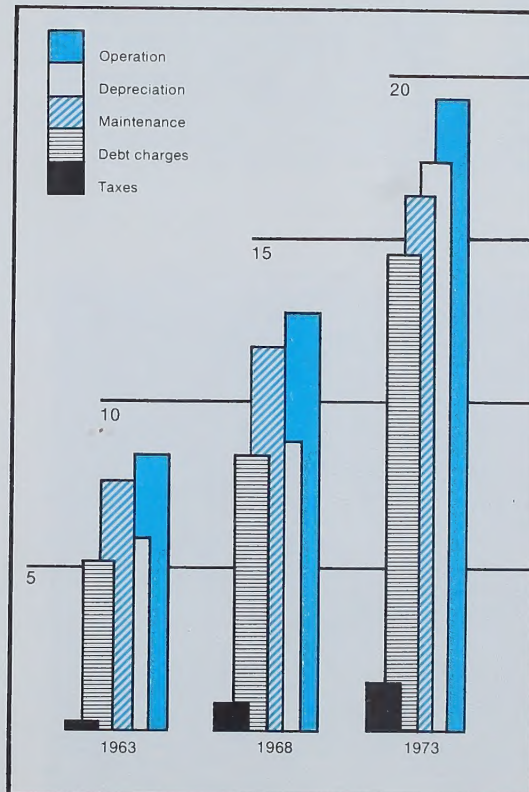
REVENUE

Millions of dollars



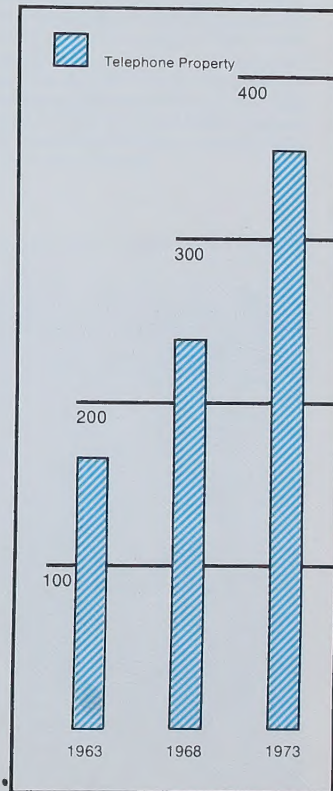
EXPENSES

Millions of dollars



PLANT

Millions of dollars



THE YEAR IN REVIEW

The year has been one of extraordinary growth, with a net gain of 26,476 telephones — surpassing last year's record of 21,149 by more than 5,300 telephones.

This significant growth required no less than 68 per cent—\$25.4 million—of the System's capital expenditure of \$36.6 million, the remainder being used for service improvement, modernization, and rehabilitation of existing

plant.

Making good use of their telephone facilities, Manitobans placed more than 22.6 million long distance calls during the year—90 per cent on a station-to-station basis—and averaged well in excess of three million local calls for each day of the year.

Demands for business services of all kinds continued at a high level, many being met by new services recently introduced by the System. Many more business customers sought the services of the System's communications consultants, particularly in the data transmission and related computer services field.

FINANCIAL

Revenue from all sources increased by 9.2 per cent to \$73,534,109, while expenses increased 8.5 per cent for a total of \$69,171,785. Net income was \$4,362,324, an increase of \$806,505.

Revenue from the continued growth of long distance usage amounted to \$41,535,636, representing 56 per cent of the System's total revenue and accounted for \$4.8 million, or 77 per cent of the year's total revenue gain.

Capital expenditures for the year amounted to \$36,584,849, an increase of \$6,422,887, over the previous year. The total value of telephone plant rose to \$352,523,717. This represents an investment of \$722 for each telephone in service, compared with \$545 ten years ago.

Long term debt was increased by a \$10,000,000 bond issue, Series 1P, dated March 15, 1973, bearing an interest rate of 7½ per cent for 20 years. This issue was principally required to retire short term notes which were used for interim financing of the construction program. As of March 31, 1973, additional temporary financing through short term notes amounted to \$1,560,000.

Further substantial amounts of capital will be required to meet the steadily increasing demands for telecommunications services of all kinds and to maintain acceptable standards of service and efficiency.

System capital spending next year will be in the order of \$43.9 million, with estimated requirements for 1974-75 of \$53 million and \$56 million for 1975-76. Despite the present favourable revenue position, the System must concern itself with the growing impact these increasing capital expenditures will have on costs through related interest charges, maintenance and depreciation expense.

Manitoba's first computerized switching equipment, known as SP-1, was installed at the Alpine exchange on St. Anne's Road in St. Vital.



THE NORTH

Several major projects were undertaken during the year to provide for the continuing growth and expansion of telephone service in the North.

A two-storey extension to the Thompson ex-

This 385-foot microwave tower at Leftbrook Lake is one of seven nearing completion between Thompson and Lynn Lake to increase long distance capacity in the North. Suitably constructed buildings house the radio relay and diesel power generating equipment.



change building was completed in October. It was designed to accommodate the regional headquarters of the System's Northern operations, including the commercial business office, the plant assignment department and test centre, as well as additional telephone exchange switching equipment.

The extension will also house a long distance operating centre to be established at Thompson. Initially the centre will cater to Thompson customers only. Other northern communities will be served by the centre as the System's service expansion program develops.

Work on the radio relay route between Thompson and Lynn Lake, announced last year, is

well on schedule. This project involves the erection of seven towers ranging from 40 feet to 500 feet in height.

The establishment of public radiotelephone agencies afforded six northern communities access to the regular long distance network and landline connection to the toll network was provided to Pukatawagon with the installation of three public coin telephones.

The Telephone Assistance Program was extended to Little Grand Rapids and a similar project is nearing completion at Easterville. Additional assistance was provided throughout the year to 11 communities of the 31 already participating in the program.

Designed to house the regional headquarters of the System's northern operation, including a long distance operating centre, this two-storey extension to the Thompson building was completed in October.



LONG DISTANCE

Manitobans placed more than 22.6 million long distance calls during the year—13.5 per cent more than last year—an average of more than 62,000 completed calls each day. Of these, over 20.5 million were placed on a station-to-station basis.

More than 84 per cent of the System's customers have access to the Direct Distance Dialing network. Recognizing its economy and convenience, they dial practically 99 of every 100 calls they can place direct. Another 11,000 customers were added to the DDD network during the past year.

To keep pace with growing traffic volumes the System added 600 channels involving more

than 43,000 circuit miles to its provincial toll network during the past year; and 480 channels to the Manitoba portion of the Trans-Canada Telephone System.

In September, Winnipeg provided the setting for a significant event in the history of Canada's telecommunications industry—the signing of a five-year lease agreement with Telesat Canada for two East-West radio frequency channels on ANIK I, by MTS, other members of the Trans-Canada Telephone System, CN Telecommunications, and CP Telecommunications.

Launched in November, ANIK I—the world's first synchronous domestic communications satellite—represents a major step in providing data and voice communications, as well as live television, for remote areas in northern Canada. A back-up satellite, ANIK II was successfully launched (April 1973) while this report was being prepared.

Telephone operators—an integral part of the industry—perform an important role in handling today's increasing long distance traffic volumes.



LOCAL SERVICE

With a net gain of 26,476 telephones, the 1972-73 fiscal year surpassed last year's record by 5,327 telephones. Of these, 17,930 were placed in service in Winnipeg and 8,546 throughout the provincial areas. The System now serves 488,019 telephones.

Demands created by increasing customer mobility in recent years, have added considerably to the System's day-to-day work load. To achieve this year's record net gain for example, 148,283 telephones were connected to the System network and 121,807 were disconnected; in other words the System had to install about six telephones to realize a net gain of one.

More than 3,100 customers received automatic telephone service during the year, bringing the number of dial telephones in the province to 477,759—or 97.9 per cent of the total. The following exchanges were changed from manual to dial operation: Alonsa, Baldur, Bissett, Elkhorn, Kenton, McCreary, Rossburn, and Sprague, with Fisher River being converted from a modified dial system to a full seven-digit operation.

The construction of 102 additional rural lines brought improved service to over 1,200 multi-party line customers.

The System placed more than 2,100 miles of buried wire and cable both to extend and rehabilitate telephone plant throughout the province.

More than 32,500 new subscriber facilities were added to exchange equipment in central offices throughout the province.

To meet Winnipeg's continuing growth needs, building extensions were made to the Gateway Road Exchange, serving the Elmwood and Kildonan areas and to the Pembina Highway building in the southern portion of the city.

Work was completed on a new central office building, adjacent to the existing exchange, to serve the Norwood area. Construction of a new

exchange building in Inkster Park is presently underway to meet the expanding telephone needs of the north-western part of the city.

The year saw work commenced on the installation of Manitoba's first computerized switching equipment—the third of its kind in Canada. Located in the St. Anne's Road exchange in St. Vital, this new electronic equipment, known as SP-1, will have an initial capacity of 3,700 lines.

Basically the SP-1 is a common control system directed by a stored program, utilizing high speed electronic devices to perform the basic switching functions. The use of modern solid state devices and the equipment's self-monitoring features will keep service problems to a minimum. Opening new dimensions in telephone service, its versatility and flexibility make SP-1 readily adaptable to meet the sophisticated services of the future.

BUSINESS SERVICES

Business services developed at a high rate, both numerically and in the types of service furnished, with a record net gain of 8,121 business telephone sets installed during the year—a 41 per cent increase over the net gain of 5,748 recorded last year.

A total of 108 dial private branch exchanges were installed to meet the needs of small to medium-size firms, larger dial PBX installations were completed for six firms and extensions were made to 15 existing private branch exchanges. The year saw a net gain of more than 350 telephone key systems and 100 speaker-phones.

A new service known as VUcom I, was intro-

duced during the year by the System and the other members of the Trans-Canada Telephone System. First in a family of video terminal equipment, VUcom I combines the flexibility of advanced teletypewriter terminals with the instant display capability of the video-screen. It offers a valuable custom-designed system to users of large computers, time-sharing services, or point-to-point teletypewriter facilities.

The demand for WATS—Wide Area Telephone Service—continues to grow. WATS is a system whereby a customer is charged a flat monthly rate for all long distance calls made within a specified area, replacing the normal time and distance method used for charging long distance calls.

Operating on the same principle, a complementary service called INWATS was made available to Manitoba customers during the past year. This permits receiving long distance calls over WATS lines—with the charges being automatically billed to the called party.

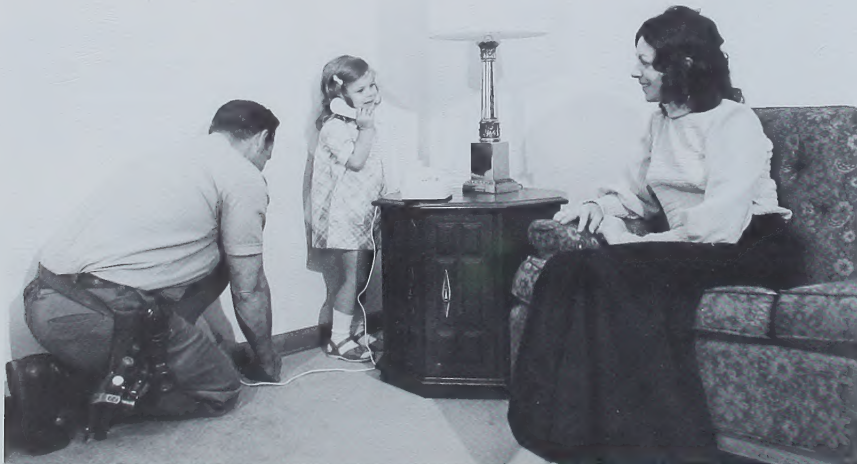
The year saw a significant advance in meeting the accelerating demands for data-oriented telecommunications services. MTS participated with the other members of the Trans-Canada Telephone System in the establishment of the Computer Communications Group and thus made available, to its customers, the resources and expertise of the eight major companies in the Canadian telecommunications industry.

Established to analyze, design, and implement total data communication systems to meet individual customer requirements, the group's specialized ability will become increasingly important as new technology is developed in meeting the province's telecommunications needs.

As recorded last year, the System participated with the other member companies of the Trans-Canada Telephone System in the creation of a digital network designed to meet the growing demands for nation-wide computer communications services. The trial phase of this network successfully completed in February, linked Toronto, Ottawa and Calgary using

MANITOBA TELEPHONE SYSTEM

BALANCE SHEET AND FINANCIAL STATEMENTS



Last year the System installed 148,283 telephones and disconnected 121,807 for a record net gain of 26,476.

STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 1973.

	1973	1972
OPERATING REVENUES		
Local service	\$ 27,543,645	\$ 25,881,388
Toll service	41,535,636	36,728,565
Miscellaneous (note 1)	<u>2,831,286</u>	<u>2,661,580</u>
	71,910,567	65,271,533
Less: Uncollectible operating revenues . . .	<u>373,327</u>	<u>338,997</u>
	<u>71,537,240</u>	<u>64,932,536</u>
OPERATING EXPENSES		
Maintenance	16,332,958	15,221,879
Depreciation (note 2)	17,424,895	15,816,421
Traffic (note 3)	6,830,749	6,311,614
Commercial and marketing	5,150,174	4,602,661
General and administration (note 4)	7,332,620	6,930,583
Operating taxes (note 5)	<u>1,553,743</u>	<u>1,355,656</u>
	<u>54,625,139</u>	<u>50,238,814</u>
NET OPERATING INCOME	16,912,101	14,693,722
OTHER INCOME	1,996,869	2,389,751
INCOME BEFORE DEBT CHARGES	<u>18,908,970</u>	<u>17,083,473</u>
DEBT CHARGES	14,015,006	13,007,722
Amortization of bond discount and expense	285,140	290,307
Other fixed charges (note 7)	<u>246,500</u>	<u>229,625</u>
	<u>14,546,646</u>	<u>13,527,654</u>
NET INCOME	<u>\$ 4,362,324</u>	<u>\$ 3,555,819</u>

The accompanying notes are an integral part of these financial statements.

CAPITAL EMPLOYED AND LIABILITIES

	1973	1972
CAPITAL EMPLOYED		
Retained earnings invested in plant	\$ 30,288,759	\$ 28,288,759
Unappropriated retained earnings	7,481,453	5,119,129
Contingency reserves (schedule C)	272,474	359,799
Rate stabilization reserve (schedule D)	3,263,200	3,263,200
	<u>41,305,886</u>	<u>37,030,887</u>
 LONG TERM DEBT		
Province of Manitoba advances (schedule E)	48,700,000	48,700,000
Bonds payable (schedule F)	179,579,709	169,579,709
	<u>228,279,709</u>	<u>218,279,709</u>
 NOTES PAYABLE	<u>1,560,000</u>	<u>—</u>
 CURRENT LIABILITIES		
Outstanding cheques less cash in bank	2,463,873	1,464,693
Accounts payable and accrued liabilities	5,707,966	5,791,398
Advance billings and payments	1,063,439	991,293
Accrued interest	2,547,591	2,439,898
	<u>11,782,869</u>	<u>10,687,282</u>
	 <u><u>\$282,928,464</u></u>	 <u><u>\$265,997,878</u></u>

Magnus Ellason

Commissioner

STATEMENT OF UNAPPROPRIATED RETAINED EARNINGS

FOR THE YEAR ENDED MARCH 31, 1973.

	1973	1972
BALANCE AT BEGINNING OF YEAR	\$ 5,119,129	\$ 4,852,810
ADDITIONS		
Net income for year	<u>4,362,324</u>	<u>3,555,819</u>
	<u>9,481,453</u>	<u>8,408,629</u>
DEDUCTIONS		
Transfer to retained earnings invested in plant	2,000,000	2,000,000
Adjustment to prior years—Accrued vacations	—	1,289,500
	<u>2,000,000</u>	<u>3,289,500</u>
BALANCE AT END OF YEAR	<u><u>\$ 7,481,453</u></u>	<u><u>\$ 5,119,129</u></u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED MARCH 31, 1973

	1973	1972
SOURCE OF FUNDS		
From operations including charges which do not involve an outlay of funds	\$22,569,199	\$20,615,058
Net proceeds from sale of bonds	10,000,000	19,600,000
Net proceeds from notes payable	1,560,000	—
Decrease in working capital	5,435,972	—
	<u>\$39,565,171</u>	<u>\$40,215,058</u>
 APPLICATION OF FUNDS		
Government advances repaid	\$ —	\$ 7,027,027
Less: Portion from sinking fund	—	2,600,000
	—	4,427,027
Gross Additions to plant	36,584,849	30,161,962
Contributions to sinking fund	2,980,322	2,807,300
Purchase of Telesat Canada shares	—	666,000
Adjustment to prior years	—	1,289,500
Increase in working capital	—	863,269
	<u>\$39,565,171</u>	<u>\$40,215,058</u>



AUDITOR'S REPORT

We have examined the balance sheet of the Manitoba Telephone System as at March 31, 1973 and the statements of income, unappropriated retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the System as at March 31, 1973 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

W. K. Ziprick

W. K. Ziprick, C.A.
Provincial Auditor

Winnipeg, Manitoba
July 31, 1973

SCHEDULE OF INVESTMENTS

HELD BY THE MINISTER OF FINANCE OF THE PROVINCE OF MANITOBA

	1973	1972
(A) SINKING FUND		
Bonds—at cost		
Government of Canada	\$ 374,000	\$ 374,000
Province of Manitoba	1,810,489	1,908,991
Other—guaranteed by the Province of Manitoba	8,693,411	7,696,752
	<u>10,877,900</u>	<u>9,979,743</u>
Cash on deposit	1,476,211	130,460
Amount included with the Province of Manitoba sinking fund	7,189,333	6,452,919
	<u>\$19,543,444</u>	<u>\$16,563,122</u>

(B) RESERVE FUND

Bonds—at cost		
Government of Canada	\$ 2,485,275	\$ 2,485,275
Province of Manitoba	402,345	402,345
Other—guaranteed by the Province of Manitoba	146,750	146,750
	<u>\$ 3,034,370</u>	<u>\$ 3,034,370</u>

SCHEDULE OF RESERVES

	1973	1972
(C) CONTINGENCY RESERVES		
Balance at beginning of year	\$ 359,799	\$ 398,611
Add:		
Retired employees' contributions to death benefit plan	1,582	1,358
	<u>361,381</u>	<u>399,969</u>
Deduct:		
Self-insured losses	70,907	18,170
Payments on death benefit claims	18,000	22,000
	<u>88,907</u>	<u>40,170</u>
Balance at end of year	<u>\$ 272,474</u>	<u>\$ 359,799</u>

(D) RATE STABILIZATION RESERVE

Balance (unchanged during year)	\$ 3,263,200	\$ 3,263,200
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SCHEDULE OF LONG TERM DEBT

	1973	1972
(E) PROVINCE OF MANITOBA ADVANCES		
Represented by the following debenture debt of the Province of Manitoba		
Series 6L 3¼% due October 1, 1975	\$ 6,000,000	\$ 6,000,000
Series 6P 4¾% due December 15, 1976	4,500,000	4,500,000
Series 6M 3½% due March 15, 1978	7,100,000	7,100,000
Series 7P 6% due December 1, 1979	4,600,000	4,600,000
Centennial Series 8½% due June 1, 1980	(a) 15,000,000	15,000,000
Series 8G 5¼% due January 15, 1981	11,500,000	11,500,000
	<u>\$ 48,700,000</u>	<u>\$ 48,700,000</u>

(F) BONDS PAYABLE

Debentures issued by the System fully guaranteed by the Province of Manitoba

Series 1H 7¼% due February 15, 1974	(b) \$ 17,499,000	\$ 17,500,000
Series 1K 8% due September 15, 1974	(c) 16,995,000	17,000,000
Series 1A 5½% due February 1, 1982	20,000,000	20,000,000
Series 1B 5½% due November 15, 1983	15,000,000	15,000,000
Series 1D 5¼% due December 1, 1984	12,000,000	12,000,000
Series 1C 5½% due December 2, 1986	12,500,000	12,500,000
Series 1J 7¾% due February 15, 1989	1,000	—
Series 1M 8% due September 15, 1989	5,000	—
Series 1E 5% due January 15, 1991	(d) 14,500,000	14,500,000
Series 1N 7¾% due November 15, 1991	20,000,000	20,000,000
Series 1F 6¼% due December 1, 1991	20,000,000	20,000,000
Series 1G 7% due February 15, 1993	20,000,000	20,000,000
Series 1P 7¾% due March 15, 1993	10,000,000	—
Exchange premium at time of issue on bonds payable in United States dollars	1,079,709	1,079,709
	<u>\$179,579,709</u>	<u>\$169,579,709</u>

(a) Redeemable at the option of the holder

(b) Exchangeable at the holder's option prior to August 15, 1973 for 7¾% Series 1J bonds maturing February 15, 1989

(c) Exchangeable at the holder's option prior to March 15, 1974 for 8% Series 1M bonds maturing September 15, 1989

(d) Payable in United States dollars

SCHEDULE OF LONG TERM DEBT

	1973	1972
(E) PROVINCE OF MANITOBA ADVANCES		
Represented by the following debenture debt of the Province of Manitoba		
Series 6L 3¼% due October 1, 1975	\$ 6,000,000	\$ 6,000,000
Series 6P 4¼% due December 15, 1976	4,500,000	4,500,000
Series 6M 3½% due March 15, 1978	7,100,000	7,100,000
Series 7P 6% due December 1, 1979	4,600,000	4,600,000
Centennial Series 8½% due June 1, 1980	(a) 15,000,000	15,000,000
Series 8G 5¼% due January 15, 1981	11,500,000	11,500,000
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Series 1C 5½% due December 2, 1986	12,500,000	12,500,000
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Series 1E 5% due January 15, 1991	(d) 14,500,000	14,500,000
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(c) Exchangeable at the holder's option prior to March 15, 1974 for 8% Series 1M bonds maturing September 15, 1989

(d) Payable in United States dollars

NOTES TO FINANCIAL STATEMENTS

1. MISCELLANEOUS OPERATING REVENUE

Principally directory advertising, rentals and attachments to System property.

2. DEPRECIATION

The amortization of the cost of telephone plant over its useful life on a straight line basis.

3. TRAFFIC

Expenses, principally operators' wages, incurred in handling telephone calls.

4. GENERAL AND ADMINISTRATION

General office salaries and expenses, rental of circuits and facilities, pension, insurance and other general expenses.

5. OPERATING TAXES

Grants to municipalities in lieu of property taxes, System's portion of Canada Pension Plan and Unemployment Insurance and other general levies.

6. INTEREST AND MISCELLANEOUS

Principally interest earned on investments and interest charged construction.

7. OTHER FIXED CHARGES

Payment to the Province re services and guarantees extended for the System's long term borrowing.

8. PLANT AND EQUIPMENT

With minor exceptions, telephone property is stated at cost to the System. Values, by major classes of plant, at March 31st:

	1973	1972
Land, buildings and towers	\$ 31,800,796	\$ 29,097,626
Central office switching equipment	131,596,892	119,718,770
Telephones, switchboards, etc.	58,311,046	52,625,976
Aerial cable, wire and poles	41,799,965	41,266,236
Underground cable, wire and conduit	74,740,123	67,864,919
Vehicles, equipment and furniture	6,890,545	6,308,516
Plant under construction	7,384,350	7,600,338
	<u>\$352,523,717</u>	<u>\$324,482,381</u>

9. SINKING FUND

The sinking fund is established under requirements of the Manitoba Telephone Act. The System is obligated to pay annually to the Minister of Finance, as trustee for the fund, an amount not less than 1% of the long term debt outstanding at the end of the preceding fiscal year and 4% on the sinking fund balance at the end of the preceding fiscal year.

10. OTHER DEFERRED CHARGES

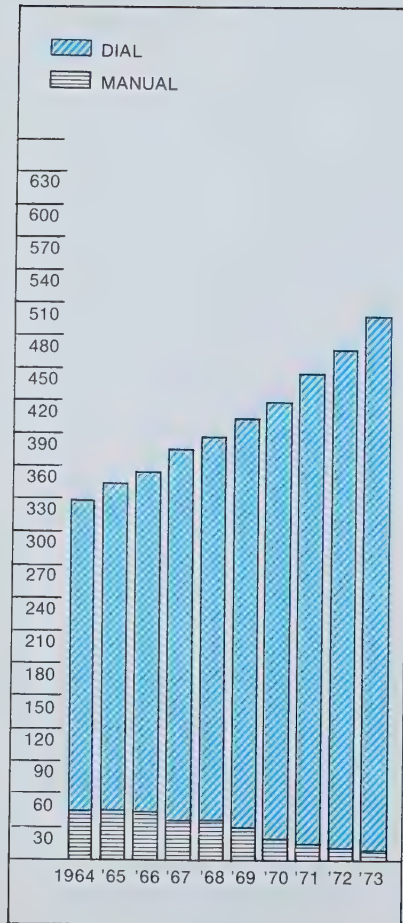
Principally engineering costs associated with projects in the planning stage.

11. COMMITMENTS

Approximate total commitments at March 31, 1973, principally relating to purchase of equipment for future delivery and uncompleted contracts, were \$15,700,000.

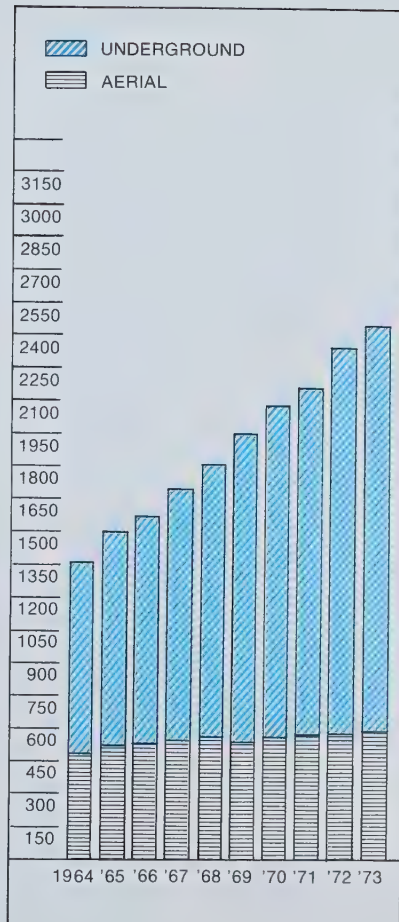
TELEPHONES

In thousands of telephones



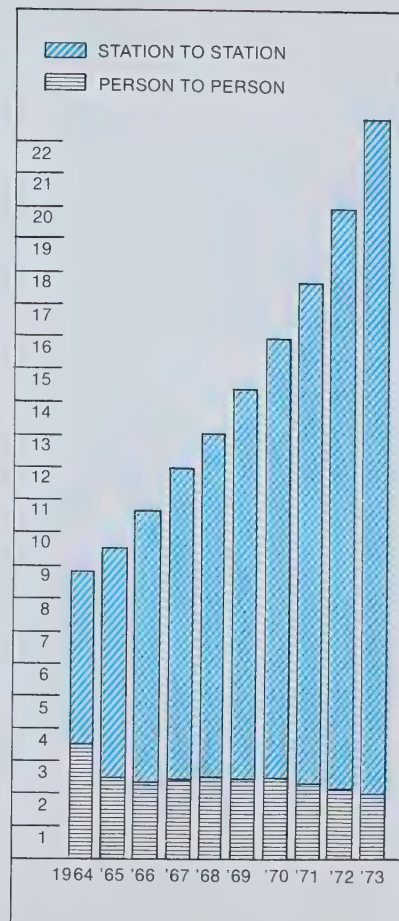
WIRE & CABLE FACILITIES

In thousands of conductor miles



LONG DISTANCE MESSAGES

In millions of messages





A new service known as VUcom I, was introduced in September by the System and other members of the Trans-Canada Telephone System.

in part MTS facilities. To be known as DATA-ROUTE, Winnipeg will be one of eleven serving areas to offer the new service on its introduction in April, 1973.

ORGANIZATION CHANGES

The rapid growth in recent years in the volume and diversity of services, has made it necessary to initiate changes in the System's organization structure. A new level of management, designed to reinforce the executive function and at the same time augment the head of department group, was introduced during the year.

Appointed to the new positions were: Frank C. Cavers as Director of Operations; S. Glover Anderson, Director of Engineering and Planning; and Gordon H. Backhouse, Director of

Marketing and Administrative Services.

Two new departments were established; that of Government and Broadcast Industry, and a Marketing Department.

These changes will significantly strengthen the System's ability to meet the challenge of growth and change, and more adequately serve the customers' varied and increasing requirements both immediately and in the years ahead.

THE YEAR AHEAD

The high level of growth experienced during 1972-73 is expected to continue throughout the coming fiscal year.

To meet a forecast growth of 27,600 telephones and to carry out necessary service improvement programs, will require capital expenditures of \$43,987,000. Of this amount, \$18,987,000 will be raised from funds generated within the business, and the balance, \$25,000,000 will be borrowed.

Plans call for the introduction of dial telephone service to 15 communities. These include the northern communities of Thicket Portage, Cross Lake and Nelson House, with access to the regular long distance network. Norway House will be converted to full seven-digit dial service and regular long distance service.

The Thompson-Lynn Lake radio relay route, now nearing completion, will provide Lynn Lake, Leaf Rapids, and Nelson House with improved long distance facilities. Network television will also be extended to these communities and to South Indian Lake during the 1973/74 fiscal year, under arrangements made with the Canadian Broadcasting Corporation.

Other projects during the year include the provision of improved long distance service to South Indian Lake as well as making it more readily available to the residents through the installation of public coin telephones. A similar installation will be made at Ponton. Construction work will also be undertaken to make net-

work television available to Norway House and Cross Lake; this work is presently scheduled for completion by late 1973.

ACKNOWLEDGEMENTS

The System wishes to express its appreciation for the sincere interest shown in its affairs by the Honourable Peter Burniak, Minister of Highways, responsible for the System.

After 45 years of valued service, Mr. G. A. Muir, Chief Engineer since 1956, retired in November 1972. The System recognizes with deep appreciation his inestimable dedication to the telephone needs of Manitoba and his outstanding service to the telecommunications industry on both the national and international scene.

It is with regret the System records the death of Sydney L. Davies, Q.C., who retired on April 30, 1972. Joining the System in 1951 as General Counsel, Mr. Davies had been Secretary to the Board of Commissioners since its inception in 1962 and Secretary to the Executive Committee since 1963. The valuable contribution he made to the System and the ability and sound judgment he brought to the conduct of its affairs are most gratefully acknowledged.

Mr. N. Elliot Rodger retired from the Board of Commissioners on March 31, 1972, having served since September 1968. His sense of public responsibility, keen interest and valuable counsel were much appreciated.

Mr. Magnus Eliason, bringing a wide experience in business and public life, was appointed to the Board on April 1, 1973.

Unprecedented growth and increased demands, both in residential and business services, have made the past year one of the most challenging in the System's history. The response to that challenge has been clearly demonstrated by the individual contributions, dedication, and diligence of telephone employees throughout the year.

FOR THE YEAR ENDED MARCH 31

	1973	1972
NUMBER OF TELEPHONES		
Business	138,978	130,754
Residence	349,041	330,789
Total	488,019	461,543
Per Cent Dial	97.9	97.3
TELEPHONE MOVEMENT		
Connected	148,283	127,130
Disconnected	121,807	105,981
Increase	26,476	21,149
TELEPHONE USAGE		
Local Calls—Daily Average	3,027,100	2,933,100
Long Distance Calls—Daily Average	62,100	54,400
PLANT IN SERVICE		
Miles of Poles	12,361	13,319
Miles of Wire (Open, Aerial, Underground)	2,426,033	2,314,217
Miles of Conduit	2,083	2,038
FINANCIAL		
Government Advances	\$ 48,700,000	\$ 48,700,000
Bonds Payable	179,579,709	169,579,709
Telephone Plant (includes Plant Under Construction)	352,523,717	324,482,381
Plant Investment Per Telephone	722	703
Total Revenues	73,534,109	67,322,287
Total Expenses	69,171,785	63,766,468
NET INCOME	4,362,324	3,555,819
EMPLOYEES		
Men	2,292	2,225
Women	1,994	1,980
TOTAL	4,286	4,205
TOTAL PAYROLL	\$ 34,900,760	\$ 31,839,860

1971	1970	1969	1968	1967	1966	1965	1964
124,899	118,083	111,989	106,436	101,994	96,156	91,521	86,830
315,495	302,423	290,978	279,456	267,685	257,206	248,462	240,516
440,394	420,506	402,967	385,892	369,679	353,362	339,983	327,346
96.7	95.8	94.3	91.7	90.0	88.2	87.3	87.0
114,369	108,653	97,577	95,943	91,222	82,352	81,215	82,294
94,481	91,114	80,502	79,730	74,905	68,973	68,578	68,105
19,888	17,539	17,075	16,213	16,317	13,379	12,637	14,189
2,821,900	2,652,300	2,487,100	2,395,400	2,374,200	2,251,500	2,204,900	2,144,800
48,800	43,300	39,200	35,200	32,600	29,000	25,800	23,800
14,786	16,630	18,233	19,994	21,278	22,167	22,864	23,085
2,160,449	2,041,227	1,900,596	1,795,077	1,661,490	1,516,211	1,417,825	1,354,742
2,002	1,930	1,854	1,738	1,630	1,518	1,464	1,407
\$ 55,727,027	\$ 40,727,027	\$ 47,517,027	\$ 57,017,027	\$ 56,490,000	\$ 63,724,248	\$ 70,854,248	\$ 75,024,248
149,579,709	149,579,709	132,579,709	115,079,709	95,079,709	75,079,709	59,500,000	47,500,000
301,536,124	282,760,286	263,764,855	239,054,762	217,942,253	200,616,358	189,868,031	178,407,619
685	672	655	619	590	568	558	545
61,617,140	55,591,181	50,174,775	44,461,250	41,475,246	36,984,920	33,422,453	30,254,001
59,237,630	53,477,800	47,718,661	42,265,455	37,953,045	34,253,848	32,082,976	30,049,006
2,379,510	2,113,381	2,456,114	2,195,795	3,522,201	2,731,072	1,339,477	204,995
2,173	2,137	2,180	2,194	2,084	2,085	2,021	2,052
1,995	2,036	1,979	2,063	2,042	1,905	1,854	1,834
4,168	4,173	4,159	4,257	4,126	3,990	3,875	3,886
\$ 28,972,808	\$ 26,607,245	\$ 24,752,609	\$ 22,683,143	\$ 20,236,722	\$ 18,225,638	\$ 16,973,328	\$ 16,323,055



TELEPHONE FACILITIES SERVING THE NORTH

- EXISTING RADIO RELAY SYSTEMS
- PLANNED RADIO RELAY SYSTEMS
- EXISTING MULTI-CHAN. UHF SYSTEMS
- PLANNED MULTI-CHAN. UHF SYSTEMS
- x- EXISTING SINGLE CHAN. VHF SYSTEMS
- x- PLANNED SINGLE CHAN. VHF SYSTEMS
- ▲ VHF TOLL AGENCY
- RADIOTELEPHONE TOLL AGENTS
- ⊙ RADIOTELEPHONE BASE STATIONS
- DIAL EXCHANGES
- ⊙ PLANNED DIAL EXCHANGES

In addition to the above there are approximately 250 radiotelephones operating in the north and 30 community-operated exchange systems.



Manitoba Telephone System, part of
Trans-Canada Telephone System